

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary _ Public

Date: 11/5/2010

GAIN Report Number: CI0026

Chile

Post: Santiago

Cattle Prices in Chile Soar

Report Categories:

Livestock and Products

Approved By:

Rachel Bickford, Agricultural Attaché

Prepared By:

Luis Hennicke, Agricultural Specialist

Report Highlights:

Cattle prices in Chile's south soar pushed by world demand for beef

General Information:

After a few years of stalled values for live cattle in Chile, prices for calves have increased to over three dollars per kilo, a 90% increase over a year ago. A Ministry of Agriculture official, said that prices for butchered cattle could keep increasing, recovering values of the first half of the nineties, particularly during the calves' sales season in March – April. There's strong world demand for beef as some of the main Asian markets recover from the recession, and also taking into account Russian demand, which has seen imports soar. The world supply remains stalled because of the falling prices of the last four years plus the fact that farmers are now retaining cows and heifers.

Brazil, the world's leading exporter, has no further export expansion capacity because of strong demand from the domestic market. In Argentina the cattle herds has diminished dramatically because of government policies and Paraguay has been supplying its neighbors, covering the shortfall, as was pointed out the Ministry of Agriculture expert.

Meanwhile in Punta Arenas, Chile, in the far south (Chilean Patagonia) a new slaughterhouse has been certified and export prospects are very good. They are presently studying market conditions, cattle quality and cattle available and the possible evolution of prices with its impact on consumers.

Punta Arenas is also a major lamb producing area. Most of Punta Arenas lambs are shipped to Santiago and other cities of the country, or exported to the European Union for which the Magallanes Region has a specific certification. As a result of the weak and still falling U.S. dollar and strong Chilean peso and a reduced domestic offer, beef imports have increased significantly during 2010 when compared to the same period of last year. Imports from the United States are still not significant in the total volume but have increased over 200 percent during the first 9 months of this year when compared with the same period of last year. Chile imported close to 100 thousand M.T. of fresh refrigerated and frozen beef for the first 9 months of 2010 and exported only a little over 3 thousand M.T. for the same period of time. Chile's beef production totaled an estimated 210 thousand M.T. in CY2009, almost 13 percent less than the previous year.

Chile: Imports of Beef					
	Jan-Sep		Jan-Sep		
	2009		2010		
Country of origin	Volume (M.T.)	Value CIF (Thous US\$)	Volume (M.T.)	Value CIF (Thous US\$)	% Chg
Argentina	28,788	101,675	13,139	61,899	(54)
Australia	935	4,898	2,608	13,713	179
Brazil	4,075	16,649	10,944	52,060	169
U.S.	128	609	401	2,514	213
Paraguay	47,594	176,062	61,235	311,132	29
Uruguay	3,410	12,657	8,322	35,162	144
Total	84,930	312,549	96,649	476,479	14

Source: Ministry of Agriculture